

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 EA-11 ISO-00 L-03 SS-20 NSC-10 H-03

STR-08 AGR-20 AID-20 CIAE-00 COME-00 FRB-02 INR-10

NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03 CIEP-02

LAB-06 SIL-01 OMB-01 SSO-00 NSCE-00 INRE-00 USIE-00

PA-04 PRS-01 DRC-01 /174 W

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O R 162006Z OCT 73

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 1235

INFO AMEMBASSY JAKARTA

C O N F I D E N T I A L LA PAZ 6285

E.O. 11652: GDS

TAGS: ETRD ID BL

SUBJ: COTTON CONTRACTS

REF: (1) JAKARTA 12261; (2) JAKARTA 12211; (3) STATE 203891(NOTAL)

JAKARTA'S 12261, REPORTING A CONVERSATION BETWEEN MR. EARL B. BROWN OF LOUISVILLE, KENTUCKY AND AMBASSADOR GABLAITH, HAS JUST BEEN RECEIVED HERE. I CONCUR ENTIRELY WITH AMBASSADOR GALBRAITH'S SUGGESTION THAT THE DEPARTMENT GET IN TOUCH WITH MR. BROWN AS SOON AS POSSIBLE. AT THE RISK OF SEEMING TO RECOMMEND THE OBVIOUS LINE THE DEPARTMENT SHOULD TAKE WITH MR. BROWN, I WOULD HOPE THAT THE DEPARTMENT'S PRESENTATION TO HIM WOULD BE QUITE VIGOUROUS. CLEARLY WE SHOULD TRY TO DISSUADE MR. BROWN FROM 1) ACQUIRING THIS BOLIVIAN COTTON FOR DELIVERY TO INDONESIA IF HE HAS NOT ALREADY DONE SO AND 2) SELLING THE SAME TO ANY OTHER BUYER. IN ADDITION TO THE WELL-KNOWN FACT THAT PROBABLY ALL OF THIS COTTON IS ALREADY ENCUMBERED BY FORWARD COTTON CONTRACTS SIGNED IN JANUARY 1973 BETWEEN COOK AND BOLIVIAN PRODUCERS, THE FOLLOWING IS IMPORTANT:

1. WE HAVE BEEN UNSUCCESSFUL TO DATE VIA DIPLOMATIC MEANS AT THE
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MINISTERIAL LEVEL IN PERSUADING THE GOB EITHER TO AMEND ITS AUGUST

1973 DECREE OR TO INTERPRET IT IN SUCH A FASHION AS TO ALLOW FULFILLMENT OF THE JANUARY 1973 CONTRACTS. THE GOB IS VIGOROUSLY SEEKING TO FIND BUYERS FOR THE COTTON BY WHATEVER MEANS POSSIBLE AND DESPITE OUR BEST EFFORTS TO BLOCK MOVEMENT OF THE COTTON UNTIL THIS MATTER CAN BE THRASHED OUT. THE EXTRAORDINARY TELEGRAM SENT BY THE BOLIVIAN EMBASSY IN WASHINGTON TO OUR EMBASSY IN JAKARTA (REFTEL 2), PARTICULARLY THE OBSERVATION THEREIN THAT THE COTTON IS "OF OUR PROPERTY" AND SOLD "TO NOBODY ELSE", HIGHLY DUBIOUS ASSERTIONS AT BEST, IS INDICATIVE OF GOB EFFORTS IN THIS REGARD.

2. I BELIEVE THAT THE COTTON ITSELF PROVIDES LEVERAGE IF WE CAN BLOCK ITS MOVEMENT FROM SANTOS, BUENOS AIRES AND SANTA CRUZ, BOLIVIA. ONCE THE GOB HAS BEEN SUCCESSFUL IN DELIVERING THE COTTON TO A BUYER OTHER THAN COOK OR THE LATTER'S DESIGNEE, THE SITUATION WILL BECOME MUCH MORE DIFFICULT.

3. FINALLY, I AM IMPRESSED BY THE DEPARTMENT'S 203891, WHICH SUGGESTS THAT A NUMBER OF CENTRAL AMERICAN COUNTRIES (GUATEMALA, EL SALVADOR, HONDURAS, NICARAGUA) ARE LOOKING FEVERISHLY ABOUT FOR ANY EXCUSE TO GET OUT OF THEIR OWN FORWARD CONTRACTS. IF BOLIVIA IS ABLE TO FIND AN ALTERNATIVE BUYER FOR COTTON ALREADY CONTRACTED FOR WITH AN AMERICAN BUYER, THE CITED CENTRAL AMERICAN COUNTRIES WILL BE MUCH EMBOLDENED TO TRY THE SAME THING.

4. FOR THESE REASONS, I HOPE THAT THE DEPARTMENT IN COMMUNICATING WITH MR. BROWN WILL TAKE AN APPROPRIATELY FORCEFUL LINE WHILE WE SEARCH FOR SOME WAY OUT OF THIS IMPASSE. I AM PRESSING TO SEE PRESIDENT BANZER THIS WEEK AND INTEND TO IMPRESS UPON HIM THE SERIOUSNESS WITH WHICH WE VIEW THIS MATTER.
STEDMAN

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Message Attributes

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Draft Date: 16 OCT 1973
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Decaption Note:
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Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
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Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS STEDMAN
Errors: N/A
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